

DIRECT TESTIMONY OF PAUL FLORACK
ILLUMINET, INC.
Docket No. T-01051B-0391
December 19, 2001

1 **Q. Please state your name and business address.**

2 A. My name is Paul Florack. My business address is 7400 West 129th Street, Overland
3 Park, KS 66213.

4
5 **Q. What is your current position?**

6 A. I am Vice President for Network Services in the Product Management and Development
7 division at Illuminet.

8
9 **Q. Please describe your qualifications.**

10 A. I have over 15 years of experience in the telecommunications industry. Prior to my
11 work at Illuminet, I held positions in Engineering, Operations, and Technical Marketing
12 for the Frontier Corporation where my responsibilities included planning the Signaling
13 System No. 7 ("SS7") strategy for its regional telephone operations. I joined Illuminet's
14 Product Management and Development department in 1993. I currently am Vice
15 President of Network Services with responsibility for all Illuminet network service
16 product lines, such as ISUP Trunk Signaling and Wireless Messaging. In addition, I am
17 co-author of "Wireless Intelligent Networking", published by Artech House in 2001. This
18 book discusses wireless intelligent networking using the SS7 network. I have been a
19 speaker at several industry conferences hosted by organizations such as the Cellular
20 Telephone Industry Association, Telestrategies, and the Association for Local Telephone
21 Services. My educational background consists of a B.A. in Mathematics from Potsdam
22 College, a B.S. in Electrical & Computer Engineering from Clarkson University, and an
23 M.B.A. from the University of Rochester's Simon School.

24
25 **Q. What are your current responsibilities at Illuminet?**

26 A. My responsibilities include profit/loss responsibility for a complete line of Illuminet's SS7
27 network service offerings for both wireline and wireless carriers. This would include
28 such fundamental telecommunications services as SS7 Connectivity, ISUP Trunk
29 Signaling, TCAP CLASS Messaging, and Network Reporting services for competitive local
30 exchange, interexchange, independent telephone and wireless telecommunications

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1 carriers. In addition, I am responsible for Illuminet's wireless network service offerings
2 that include seamless roaming, fraud, intelligent network, text messaging, and
3 mediation services.
4

5 **Q. Have you previously testified before the Arizona Corporation Commission**
6 **("Commission")?**

7 A. No, this is my first appearance before this Commission.
8

9 **Q. Have you reviewed the proposed intrastate access tariff that Qwest has filed,**
10 **which is the subject of this proceeding?**

11 A. Yes. I have reviewed it from a technical and public policy perspective.
12

13 **Q. Can you summarize your testimony?**

14 A. Yes. Illuminet requests that the Commission reject the proposed tariff because Qwest
15 cannot demonstrate that the proposed switched access charges in the tariff will only be
16 billed for SS7 signaling associated with intrastate switched access for intrastate toll
17 traffic. To the contrary, it is Qwest's apparent intent to impose switched access charges
18 on customers contrary to existing interconnection arrangements, or failing that, to
19 impose charges in a manner in which Illuminet cannot pass them through to the
20 Illuminet carrier/customers. If the tariff is not rejected, the substantial benefits of
21 economy of scale and scope, which Illuminet provides by aggregating demand for SS7
22 functionality for a broad range of telecommunications carriers will be seriously impaired
23 if not lost.
24

25 In developing the proposed tariff, Qwest failed to properly consider the pre-existing
26 constraints on its ability to recover certain of its SS7 message costs under a switched
27 access tariff. Those pre-existing constraints relate to the treatment of SS7 messaging
28 associated with (1) jurisdictionally local/Extended Area Service ("EAS") traffic, (2) jointly
29 provided intrastate access between two or more telecommunications carriers, and (3)

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1 Qwest-provided intrastate end user toll services. This failure is evident from the tariff
2 provisions regarding the Percent Interstate Use ("PIU") factor, which establishes the
3 intrastate usage percent as "100% - PIU." The result is that SS7 messages associated
4 with the end user traffic types for which intrastate access charges do not apply will be
5 charged for under this proposed tariff. This concern is all the more evident in that
6 Illuminet anticipates being provided inadequate billing detail by Qwest to verify proper
7 billing under the proposed tariff. In addition to rejection of the proposed tariff, Illuminet
8 also requests that the Commission established the following principle in order to provide
9 guidance to Qwest if it chooses to refile a corrected tariff: The assessment of SS7
10 message charges by Qwest should be determined by applying the terms and conditions
11 of the agreement between Qwest and the Illuminet carrier/customer (or other third-
12 party provider) associated with the specific jurisdictional class of end-user traffic (i.e.,
13 the interconnection arrangements for local service/EAS or the access tariff for
14 Interexchange toll traffic). To ensure the proper application of these arrangements,
15 Qwest should also provide sufficient detail to permit the company receiving such
16 charges to verify independently that such charges are assessed in compliance with the
17 proper arrangement. Because none of these prerequisites are present in the proposed
18 tariff, Commission rejection of the Qwest proposed tariff is warranted.

19
20 **Q. Who is Illuminet and what type of SS7 related services does it provide?**

21 A. Illuminet is a third-party private carrier of SS7 services for a variety of carrier/customers.
22 Illuminet does not serve any end-users nor does Illuminet carry any end-user traffic of
23 its own or of its carrier/customers. Illuminet serves some 900 telecommunications
24 carriers across the country and internationally. With respect to the SS7 network,
25 Illuminet provides SS7 connectivity to all segments of the telecommunications industry
26 including Interexchange Carriers ("IXCs"), Competitive Local Exchange Carriers
27 "CLECs"), Incumbent Local Exchange Carriers ("ILECs") and Commercial Mobile Radio
28 Service ("CMRS") providers. In this testimony, I refer to these entities as Illuminet's
29 "carrier/customers". Illuminet provides these carrier/customers with the ability to utilize
30 Illuminet as their SS7 network in order for these carrier/customers to be able to deliver

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1 advanced intelligent network and database services to their end-user customers and to
2 efficiently process end user traffic over their networks. Illuminet also provides a billing
3 clearinghouse service for many customers. Illuminet deployed its network to provide a
4 competitive alternative to the SS7 services of other providers (such as Qwest), and has
5 achieved nationwide connectivity of its SS7 services.

6
7 **Q. What is Signaling System No. 7?**

8 A. SS7 is an industry standard protocol for performing signaling that supports call-
9 establishment, billing, routing, and information-exchange functions of the public
10 switched telephone network (PSTNs) without relying upon the PSTNs voice paths.
11 Signaling refers to the exchange of information required to provide and maintain end-
12 user voice and data services. SS7 utilizes high-speed packet data and out-of-band
13 signaling.

14
15 **Q. What types of functions does the SS7 network perform?**

16 A. Among other functions, the SS7 network is used for:

- 17 ▪ Basic call setup, management, and tear down;
- 18 ▪ Wireless services such as personal communications services (PCS), wireless
19 roaming, and mobile subscriber authentication;
- 20 ▪ Local Number Portability (LNP);
- 21 ▪ Toll-free (800/888/8XX) database services; and,
- 22 ▪ Enhanced call features such as Custom Local Area Signaling Services ("CLASS")
23 which includes automatic callback, calling party name/number display and other
24 intelligent network database services such as Line Information Database ("LIDB").

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1 **Q. What type of information is exchanged over the SS7 network?**

2 A. SS7 is a means by which elements of the telephone network exchange information.
3 Information is conveyed in the form of "signaling messages". SS7 messages can convey
4 information such as:

- 5 ▪ I'm trying to set up a call on trunk 067 placed from 928-783-1234 (Yuma) to 602-
6 585-5678 (Phoenix).
- 7 ▪ Someone just dialed 800-555-1212. Where do I route the call?
- 8 ▪ The called subscriber for the call on trunk 11 is busy. Release the trunk and play a
9 busy tone. The route to XXX is congested. Please don't send any messages to XXX
10 via this route.

11
12 **Q. Could you explain your reference to the SS7 network utilizing high-speed**
13 **packet data?**

14 A. Yes, I would be pleased to. SS7 messages are exchanged between SS7 network
15 components over 56 or 64 kilobit per second (kbps) bi-directional channel
16 signaling links (i.e., two-way signaling links). Signaling occurs "out-of-band" on
17 dedicated channels rather than on the voice channels (or so-called "in-band"
18 signaling). Each signaling point in the SS7 network is uniquely identified by a
19 numeric point code. Point codes are carried in signaling messages exchanged
20 between signaling points to identify the source and destination of each message.
21 Each signaling point uses a routing table to select the appropriate signaling path
22 for each message.

23
24 **Q. Please describe the major components that make up the SS7 network.**

- 25 ▪ SCP (Service Control Point)
- 26 ▪ STP (Signal Transfer Point)

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- 1 ▪ SSP (Service Switching Point) (In a CMRS network the SSP functionality is located in
2 the Mobile Switching Center ("MSC"))

3 An SCP is the entity that provides the interface to a network database that provides
4 storage for call routing information (such as in the case of an 800 call) or call completion
5 information (for example, in the case of collect calls). The SCPs generally respond to
6 SS7 message queries initiated by SSPs. The STPs main function is to switch and
7 address SS7 messages. An STP as connected to other STPs and are interconnected via
8 facilities known as "B-links", which in order to ensure diverse routing, consist of at least
9 four (4) links (two between each STP). STPs do not originate SS7 traffic other than
10 network maintenance messages, which are not the type of SS7 messages at issue in this
11 proceeding. Finally, the SSPs are typically digital switches with SS7 messaging hardware
12 and software that allow them to originate and terminate SS7 messages for call set-up
13 and tear down and for accessing databases housed by an SCP. SSPs are connected to
14 STPs via facilities known as "A-links", two of which, for redundancy, are required to
15 connect the SSP with its STP. An SSP generates the initial SS7 messaging required
16 when an end-user wants to make a call, and, on the terminating end of an end-user call,
17 provides the messaging required to ensure that the voice path is available to the end-
18 user that the customer is calling. Illuminet does not own or operate SSPs since it is not
19 a telecommunications carrier providing services to end-users. Illuminet's customers are
20 "carriers." These carrier/customers own and operate SSPs. In addition, some of
21 Illuminet's carrier/customers own their own STPs. I have attached a diagram, which
22 illustrates the typical SS7 network figuration. (See Exhibit E.)

23
24 **Q. What benefits does the SS7 network provide?**

25 A. Compared to in-band signaling, out-of-band signaling provides:

- 26 ▪ Faster call setup times (compared to in-band signaling using multi-frequency (MF)
27 signaling tones)
- 28 ▪ More efficient use of voice circuits;
- 29 ▪ Support for Intelligent Network (IN) services which require signaling to network
30 elements without voice trunks (e.g., database systems);

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- 1 ▪ Improved control over fraudulent network usage.

2
3 **Q. What benefits does Illuminet bring to its carrier/customers?**

4 A. Illuminet provides its carrier/customers with the economies of scale and scope of the
5 largest independently owned SS7 network in the United States. Illuminet is able to offer
6 wireline and wireless telecommunications carriers diversity, reliability and redundancy,
7 and provide a full range of services to meet their end user requirements as well as
8 federal and state mandates such as number portability. In light of its commitment to
9 provide state-of-the-art SS7 signaling service, Illuminet is able to provide its
10 carrier/customers an alternative to their own deployment of a separate SS7 network,
11 which, in turn, saves financial and internal resources for them. Moreover, Illuminet's
12 efficiencies provide an entity the ability to enter the marketplace quickly with all its
13 necessary SS7 functionality in place. Further, Illuminet does not compete with its
14 carrier/customers for any end-user customers. Accordingly, Illuminet offers the ability
15 for its carrier/customers to turn to a separate entity to provide their portion of the SS7
16 network required to connect to the SS7 networks of the very telecommunications carrier
17 that the Illuminet carrier/customers compete with for end-users and end-user voice and
18 data traffic.

19
20 **Q. Are there any additional operating efficiencies that an Illuminet**
21 **carrier/customer achieves by using Illuminet?**

22 A. Yes. Illuminet's carrier/customers have the need to provide SS7 signaling with multiple
23 carriers, including Qwest. Our carrier/customers connect to Illuminet so that they can
24 take advantage of the opportunity to connect with one third party SS7 provider and,
25 through this connection, have access to several ILECs, CLECs, CMRS providers and IXCs.
26 This eliminates the need for such carrier/customers to establish SS7 network
27 arrangements with others SS7 networks, thereby creating a more technically and
28 economically efficient means for SS7 service provisioning. Moreover, by connecting to
29 third party SS7 networks, like that operated by Illuminet, carriers can minimize
30 administrative costs associated with managing multiple connections to various signaling

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1 partners, as well as investment in additional hardware and facilities to support those
2 connections.

3
4 **Q. Can you describe the administrative and facilities savings that you just**
5 **referenced?**

6 A. When a carrier/customer connects to Illuminet and requests service into an ILEC
7 territory such as that served by Qwest, Illuminet takes the lead in communicating the
8 required information in the form of Access Service Requests "ASRs" and Letters of
9 Agency "LOAs" in order to have Qwest perform the necessary translations in its network.
10 Illuminet also acts as a central point of contact for interfacing with the ILECs regarding
11 SS7 network issues for the Illuminet's carrier/customers.

12
13 Likewise, third party SS7 providers also provide Transaction Capability Part ("TCAP")
14 services such as LNP, 800, calling name, LIDB and CLASS in competition with the ILEC.
15 Illuminet's LNP data service, for example, provides carriers the ability to obtain call
16 completion information (i.e., location routing numbers ("LRNs")) necessary to complete
17 calls without investing in the LNP infrastructure. The ILECs offer such a service but it is
18 typically bound to LRN information for the specific Number Portability Administration
19 Center ("NPAC") region in which the ILEC operates. Illuminet provides LRN information
20 across all seven US NPACs.

21
22 **Q. Does Qwest realize any benefits from the existence of third party SS7**
23 **providers such as Illuminet?**

24 A. Definitely. The same economies of scale and scope noted above benefit not only the
25 Illuminet carrier/customer, but also Qwest. For example, by establishing physical
26 interfaces to third party SS7 providers, Qwest has to deploy SS7 monitoring equipment
27 for billing and surveillance to monitor fewer links than it would if all telecommunications
28 carriers directly connected to Qwest. Furthermore, via connections to Illuminet that are
29 paid 100% by Illuminet, Qwest has immediate SS7 access to Illuminet's carrier/customer
30 base, thereby allowing Qwest customers to complete calls to other telecommunications
31 carriers without establishing its own direct link to those carriers.

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Q. Does Illuminet transmit any SS7 signaling messages on its own behalf that are subject to the proposed tariff charges?

A. No. All of the SS7 messages that traverse the Illuminet SS7 network for which Qwest proposes to charge Illuminet, including Qwest originated SS7 messages and those SS7 messages originated by Illuminet’s carrier/customers for termination on Qwest’s network, are associated with an underlying voice or data message from a provider of end-user telecommunications services.

Q. In Illuminet’s view is SS7 signaling integral to the transmission of the underlying end user voice and data on the PSTN?

A. Yes. SS7 signaling, and specifically ISUP (ISDN User Part) messaging which is an SS7 user protocol that defines the process for call establishment and disconnection, was created and exists solely to assist in the transmission of underlying voice and data messaging from one end-user to another to maximize efficient and economic use of the PSTN.

Q. Should the proposed tariff be approved?

A. No. As filed, the proposed tariff is seriously deficient and will unjustifiably impact Illuminet and our carrier/customers. Therefore, the Commission should not approve this tariff until Qwest makes major modifications to its proposal.

Q. Is Illuminet opposed to Qwest’s unbundling of SS7 services?

A. No. In fact, Illuminet supports the concept of unbundling which is clearly demonstrated by the fact that Illuminet developed the software (AMAT7) that Qwest uses to bill for unbundled services. Illuminet is opposed, however, to improper application of such unbundling. More specifically, Qwest’s vague and uncertain tariff language and the

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1 inability of Qwest to properly identify traffic or properly assess charges demonstrates
2 that Qwest cannot ensure that its proposed tariff can be implemented in a manner that
3 addresses the significant concerns that Illuminet has raised with the Commission.

4
5 **Q. In general, what are Illuminet's concerns regarding this tariff?**

6 A. Illuminet believes Qwest's proposed tariff is deficient in several areas. The proposed
7 tariff fails to disaggregate intrastate SS7 messaging into its two component parts—SS7
8 messaging associated with intrastate toll calls to which Qwest's tariff applies (i.e., IXC
9 traffic and intraLATA toll traffic sent from the CLEC end users to Qwest end-users) and
10 SS7 messaging associated with traffic to which Qwest's access tariff does not apply
11 (e.g., local and extended local calling area service ("EAS") end user traffic, jointly
12 provided exchange access, and intraLATA toll traffic sent from Qwest to a CLEC ("Non-
13 Chargeable Traffic"). In addition, implementation of the proposed tariff as filed will
14 likely result in inequitable and anti-competitive impacts upon both Illuminet and the
15 carrier/customers it serves. Illuminet believes that Qwest has prematurely unbundled
16 SS7 messaging from its switched access tariffs. In discussions between Qwest and
17 Illuminet, Qwest has indicated that its billing system will not allow it to bill for messages
18 by proper jurisdiction, i.e.. Qwest is unable to disaggregate SS7 messages associated
19 with interstate toll traffic, intrastate toll traffic, and Non-Chargeable Traffic. Rather than
20 take the steps necessary to adjust its billing systems and allow correct billing, Qwest
21 apparently would rather attempt to convince the Commission that Qwest should bill for
22 SS7 messages associated with all calls regardless of whether such SS7 messages are
23 associated with end-user traffic that is properly subject to an intrastate access tariff.

24
25 **Q. Could you explain what you mean by "disaggregating messages associated**
26 **with Non-Chargeable Traffic"?**

27 A. For example, as proposed by Qwest, all messages other than those associated with
28 interstate traffic would be assessed intrastate access charges, including SS7 messages
29 that support jurisdictionally "local" end-user traffic and Qwest's intraLATA toll end user

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1 traffic sent from Qwest to CLEC end users. Qwest's attempt to charge for SS7 messages
2 that are associated with these calls should not be allowed in an intrastate access charge
3 tariff. An access charge tariff addresses the charges assessed by a telephone company
4 to a telephone toll provider (which can be an IXC or LEC) associated with that telephone
5 toll provider's use of the telephone company's network for the origination and
6 termination of that telephone toll providers traffic.

7 As such, local/EAS traffic and toll traffic originated by Qwest and sent to an Illuminet
8 carrier/customer and the associated SS7 messages are Non-Chargeable Traffic under
9 Qwest's proposed tariff.

10
11 **Q. What provision of the tariff supports your conclusion?**

12 A. Section 15, Page 5, Release 2, 15.4.1 Jurisdiction, Proposed Arizona Access Service
13 Tariff state that the intrastate charges under this proposed tariff shall apply to all SS7
14 messages derived by the formula "100%-PIU". The effect of this provision reflects
15 Qwest's view that it is proper to recover all SS7 costs through the proposed tariff except
16 those recovered through the interstate access tariff.

17
18 **Q. What do you mean by "jointly provided exchange access" on an intrastate toll**
19 **call?**

20 A. I use the term exchange access to describe the use of a telephone company's local
21 network for the origination and termination of telephone toll calls. The situation I am
22 referencing arises when both: (1) the end user making an intrastate toll call is using an
23 IXC as its toll provider that is not either Qwest or the Illuminet carrier/customer; and (2)
24 the networks of both the Illuminet carrier/customer and Qwest are used by the IXC in
25 originating or terminating its telephone toll traffic (such as where the Illuminet
26 carrier/customer operates an end office subtending a Qwest tandem and Qwest
27 operates the tandem where the IXCs Point of Presence is located.) In this instance, the
28 networks of both Qwest and the Illuminet carrier/customer are providing exchange
29 access to the IXC and, therefore, are "jointly" providing exchange access to the IXC. In

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1 this situation, the IXC is billed through what is commonly referred to as a meet point
2 billing arrangement.

3
4 **Q. Is this a concern under the proposed tariff filing?**

5 A. Yes. It is unclear from the tariff language whether Qwest plans to charge the Illuminet
6 carrier/customers when Qwest and the carrier/customer are jointly providing exchange
7 access on an intrastate toll call.

8
9 **Q. Why does this situation create an issue under the tariff?**

10 A. It is my understanding that the method by which LECs bill IXCs for "jointly provided
11 exchange access" is described in industry guidelines and are typically set forth in the
12 contracts between the LECs. For example, the Less may agree to bill the IXC separately
13 (according to each Less access tariff) for the IXCs use of that portion of each of the Less
14 network, or the LEC may agree that one of them will aggregate each Less tariffed
15 access charges and bill the IXC for all the exchange access that the IXC uses related to
16 its end user toll traffic (and to reimburse the non-billing LEC its access charges paid by
17 the IXC). The proposed tariff is so vague that there is a distinct possibility that its
18 implementation would violate either of these types of meet point billing contracts.

19
20 **Q. What are the anti-competitive concerns that Illuminet has with respect to**
21 **Qwest's proposed tariff?**

22 A. As indicated above, Illuminet and other third party providers of SS7 services are direct
23 competitors to Qwest in the SS7 marketplace, and many of our carrier/customers also
24 compete for end-users with Qwest. The proposed tariff will result in the unwarranted
25 assessment of intrastate access charges associated with Non-Chargeable Traffic, thereby
26 exposing Illuminet and its carrier/customers to significant increases in the cost of doing
27 business and threatening Illuminet and its carrier/customers continued competitive
28 viability and market position. Moreover, Illuminet believes that there is a potential for
29 anti-competitive and discriminatory treatment by Qwest in the way Illuminet and its
30 carrier/customers would be charged for SS7 messaging by Qwest associated with Non-
31 Chargeable Traffic, particularly local traffic, versus how Qwest may charge its own direct

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1 connect SS7 messaging customers. Qwest has not shown in its testimony that a direct
2 connect customer to Qwest (i.e., the customer connects its SSP directly to a Qwest STP)
3 would be treated in the same manner as those carriers using a third party SS7 provider.
4 Accordingly, Qwest could engage in undetected and unreasonable discrimination by
5 marketing its services at a less costly alternative to any other SS7 provider by simply
6 failing to apply the proposed tariff structure to its direct connect SS7 customer. If this
7 were to occur, Illuminet runs the risk of losing customers who may migrate to Qwest
8 and/or find it extremely difficult to market its services to Qwest's existing direct connect
9 customers who will, absent rejection of the tariff, be faced with additional charges for
10 local SS7 messaging if they become customers of Illuminet or another SS7 provider.
11 Similarly, existing Illuminet carrier/customers would have additional charges passed on
12 to them by Illuminet pursuant to their arrangements with Illuminet regardless of how,
13 for example, their ICAs with Qwest treat SS7 message charges associated with local
14 end-user traffic exchanged with Qwest. To the extent that such charges are not
15 authorized under a particular ICA, the proposed tariff would allow Qwest to unilaterally
16 increase the costs of interconnection.

17
18 **Q. Has Qwest provided any connectivity options to address SS7 messaging**
19 **associated with local end-user traffic?**

20 A. Yes. In discussions between Qwest and Illuminet, Qwest has previously suggested that
21 Illuminet could establish separate connections into Qwest for SS7 traffic that is local in
22 nature. Apparently, that would solve Qwest's billing problem and allow them to treat
23 local traffic separately.

24
25 **Q. Has Illuminet pursued that option?**

26 A. No. That option is neither technically nor economically feasible. It would require the
27 STPs to route signaling traffic based on the jurisdictional nature of the underlying end
28 user traffic, which is not an available or practical feature in an STP. The only other way
29 to separate such traffic would be for all Illuminet customers to establish a second

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1 separate point code in their SSPs, and use that point code for all local call routing.
2 Some SSPs do not support that capability, and even if they did, it would require
3 complete duplication of Illuminet's and their carrier/customers SS7 networks in order to
4 keep the local traffic separate. Also, where Illuminet carrier/customers interconnect
5 their own STPs (not the central offices) with Illuminet's STPs, such a signaling
6 configuration is not technically feasible. Qwest has not demonstrated that it maintains
7 this jurisdictional separation in its own network because its connectivity with Illuminet
8 and the Illuminet's carrier/customers carry both access and Non-Chargeable Traffic.
9 Further, it is completely unreasonable as a solution to Qwest's billing problem under this
10 proposed tariff to impose these additional facility and operational expenses upon
11 Illuminet and other entities simply because Qwest has proposed an unbundled SS7 tariff
12 structure under which it cannot properly bill.

13
14 **Q. What would Illuminet like the Commission to do in this proceeding?**

15 A. Illuminet would like the Commission to reject the tariff and direct Qwest to refile the
16 tariff only if it can demonstrate that it properly excluded from billing under the proposed
17 tariff all Non-Chargeable Traffic. In addition, Illuminet requests the Commission
18 establish a fundamental principle that will govern the relationship Qwest seeks to
19 establish with third party providers of SS7 services such as Illuminet.

20
21 **Q. What is the fundamental principle you are referencing?**

22 A. It is based on common sense: The arrangement that governs the handling of the end-
23 user traffic equally governs the treatment of the SS7 messaging since that messaging is
24 an integral component of the end-user traffic. Thus, if SS7 signaling messages are
25 associated with intrastate toll end-user traffic, and intrastate toll is subject to an access
26 tariff, the access tariff applies. Similarly, if SS7 signaling messages are associated with
27 local end-user traffic, and local end-user traffic is subject to an ICA or other contract,
28 the agreement or contract applies.

29
30 **Q. Has Qwest been willing to recognize this principle?**

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1 A. No. Qwest has not been willing to recognize that Illuminet acts on behalf of its
2 carrier/customers despite the fact that Qwest does treat Illuminet this way for
3 operational purposes (Illuminet is required to submit "LOAs" from our carrier/customers
4 before Qwest will perform any network translation work).

5
6 **Q. If the proposed tariff is not rejected, what alternative relief would Illuminet**
7 **request that the Commission grant?**

8 **B.** Assuming, for sake of argument, that the Commission would not reject the tariff
9 outright, Illuminet requests that the Commission take the following actions. First, that
10 the Commission direct Qwest to incorporate within its proposed tariff the fundamental
11 principle noted above in an explicit and clear manner. To this end, Illuminet has
12 attached its initial proposal (see Exhibit A), which was provided in its August 21, 2001
13 letter filing with the Commission. Second, Illuminet requests that the Commission
14 require Qwest to refrain from billing Illuminet and its carrier/customers for any Non-
15 Chargable Traffic as I have defined that term.

16
17 **Q. Can Qwest identify Illuminet's carrier/customers for purposes of billing them**
18 **for SS7 messaging in accordance with their ICAs?**

19 A. Qwest is informed of each Illuminet carrier/customer prior to the establishment of any
20 necessary network signaling arrangements between Illuminet and Qwest for the
21 exchange of SS7 signaling. Qwest requires that Illuminet provide to Qwest LOAs from
22 any Illuminet carrier/customer designating Illuminet as its SS7 network provider agent.
23 Samples of these LOAs for the Illuminet carrier/customers that are parties to this
24 proceeding are attached. (See Exhibit B.) Moreover, Qwest has informed Illuminet that
25 the ordering process that an Illuminet carrier/customer undertakes with Qwest for that
26 carrier/customer's voice or data trunk must specifically identify the point code associated
27 with that carrier/customer's switch and the identity of its SS7 provider. Accordingly, all
28 information necessary for Qwest to verify the carrier/customers of Illuminet is in Qwest's
29 possession. With this information, Qwest can then determine which of the Illuminet
30 carrier/customers have interconnection agreements with Qwest that permit SS7
31 signaling charges for local traffic. Based on the volume of local messages it receives

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1 from the point codes associated with those Illuminet carrier/customers, Qwest can then
2 assess the necessary charges directly to the affected Illuminet carrier/customers
3 pursuant to the terms and conditions of the relevant ICA. If the ICA between the
4 Illuminet carrier/customer and Qwest allows Qwest to charge for SS7 local messages
5 that Qwest originates, then Qwest could also directly charge those SS7 messages to that
6 carrier/customer.

7
8 **Q. Isn't this arrangement burdensome to Qwest?**

9 A. As the proponent of the tariff, Qwest has to demonstrate that it can properly implement
10 the tariff structure it proposes. Moreover, Qwest currently manages multiple
11 interconnection agreements with various telecommunications carriers, some of which
12 presumably have different terms and conditions. Therefore, administration of this
13 relationship should not be any additional significant burden. If this option is chosen by
14 the Commission, Qwest's proposed tariff would need to be amended to ensure that the
15 PIU provisions also included language that exclude from the proposed charges SS7
16 messages associated with Non-Chargeable Traffic. This "manual process" was
17 incorporated into Illuminet's proposed revisions contained in its August 21, 2001 letter
18 to the Commission. (See Exhibit A.) Although Illuminet's original proposal discussed the
19 concept of a "Percent Local Use" factor, that factor should include all SS7 message types
20 associated with Non-Chargeable Traffic including Non-Local Non-Chargeable Traffic.
21 Moreover, this would be a starting point for the type of revisions to the proposed tariff
22 required to ensure proper billing and billing detail by Qwest. For example, Illuminet
23 would be open to renaming this new factor to some other term as long as the term and
24 the tariff are clear and unambiguous. In any event, if this is a significant burden, then
25 Qwest should withdraw its tariff until it can avoid this manual process and record actual
26 SS7 message usage by point code, by jurisdiction and type of SS7 message.

27
28 **Q. In your view, does the capability exist to record the SS7 message usage you**
29 **have outlined?**

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1 A. Yes. Qwest has purchased a data capturing system known as AMAT7 from Agilent. As
2 indicated above, Illuminet developed the software for the AMAT7 system. This system
3 provides the fundamentals to allow Qwest to capture the SS7 messaging for which their
4 tariff is based. This robust system is capable of identifying not only how many
5 messages traverse a given set of A-links and B-links, but it can also supply more
6 detailed information including the point codes of the switches used to process the call.
7 This information can be used to identify the companies that are placing calls to Qwest or
8 receiving calls from Qwest. This system can also distinguish between the types of SS7
9 messages that are being transmitted over a link-set.

10
11 **Q. Has the full AMAT7 measurement capability been deployed?**

12 A. Apparently not, based on Qwest's stated inability to properly identify SS7 messages by
13 point code.

14
15 **Q. Is it proper for the Commission to require Qwest to implement automated**
16 **measurement requirements?**

17 A. Yes. The underlying FCC decision allowed certain ILECs to propose the same unbundled
18 SS7 rate structure as that filed by Qwest in this proceeding and to "acquire the
19 appropriate measuring equipment as needed to implement such a plan." First Report
20 and Order 12 FCC Rcd 15982, 16090 (para. 253) (1997). In any event, as a matter of
21 policy and in a manner entirely consistent with the FCC statement, Qwest, as the
22 proponent of the tariff, should bear the burden to demonstrate it can properly
23 implement its tariff structure and has either the manual or automated billing capability in
24 place prior to even proposing the tariff structure at issue.

25
26 **Q. Did Illuminet oppose the FCC action?**

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1 A. No. There was no reason to oppose a policy of unbundling when the FCC recognized
2 that the proponent of such unbundling must properly implement its unbundled structure.

3
4 **Q. Why would the relief Illuminet is requesting advance the public interest?**

5 A. As indicated before, the relief that Illuminet is requesting places the proper
6 implementation of the proposed tariff structure Qwest seeks upon Qwest. Likewise, the
7 requested relief avoids the improper billing under an intrastate access tariff of SS7
8 signaling that is an integral component of originating and terminating local and EAS
9 service end-user traffic being generated by and terminated to the Illuminet
10 carrier/customers and intraLATA toll traffic originated by Qwest and sent to the Illuminet
11 carrier/customers. Further, the relief would properly reflect the meet point billing
12 arrangements in place between Qwest and the Illuminet carrier/customers. The relief
13 also avoids the anti-competitive consequences noted above that would result if Qwest's
14 proposed tariff structure were allowed to go into effect as filed. Moreover, the relief will
15 avoid the possibility of Qwest double recovering certain of its SS7 message costs
16 through intrastate access charges for SS7 messages associated with the local traffic
17 Qwest's end-users generate and receive from other telecommunication providers.

18
19 **Q. How could Qwest "double recover" its SS7 message costs associated with**
20 **that local traffic that its end-users generate and receive from other carriers?**

21 A. At least conceptually, Qwest should have apportioned its SS7 costs in some manner
22 among all of its services, including local services that utilize Qwest's SS7 capabilities.
23 Likewise, through its ICAs with telecommunications carriers, Qwest presumably has
24 included recovery of the SS7 messaging costs associated with the local traffic being
25 delivered by those providers for termination to Qwest's local end-users. Accordingly, if
26 Qwest is allowed to assess Illuminet and its carrier/customers for SS7 messages
27 associated with local traffic under the proposed intrastate access tariff, that action raises
28 the distinct probability of double recovery by Qwest of its "local" SS7 costs (let alone
29 shifting the recovery of those costs to its competitors). Moreover, to the extent that
30 Qwest is terminating its end-user intrastate toll traffic to the Illuminet carrier/customer,

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1 the charges for the use of terminating SS7 functions should be part of the costs
2 recovered from the toll rates charged by Qwest to its end-users. To allow Qwest to
3 recover these SS7 costs from the Illuminet carrier/customer would permit Qwest to
4 recover these costs twice—once from its toll end-user and another from the Illuminet
5 carrier/customer.
6

7 **Q. By its approach, is Illuminet trying to avoid paying the costs it imposes on**
8 **Qwest's SS7 network?**

9 A. Absolutely not. While I am aware that such suggestions have been made, they are
10 entirely false and inappropriate. Illuminet pays Qwest for the dedicated facilities that
11 connect Qwest's STPs with Illuminet's STPs, i.e., the B-links. Likewise, where Illuminet
12 is providing the SS7 network on behalf of one of its IXC carrier/customer, Illuminet and
13 its IXC carrier/customer fully expects that Qwest will assess its SS7 message charges
14 associated with that traffic, to Illuminet. Illuminet, in turn, will then pass through those
15 charges to its IXC carrier/customer. Thus, any additional costs that Qwest bears as a
16 result of the intrastate toll end-user traffic generated by an Illuminet carrier/customer
17 would be recovered, and, most importantly, recovered from the very carrier/customer
18 (in this case the IXC) that has received the reduction in the intrastate access charges
19 that Qwest has testified have been made through its filing. It bears noting again that all
20 of the SS7 messages that traverse the Illuminet SS7 network for which Qwest proposes
21 to charge are associated with an underlying voice or data message from a provider of
22 end-user telecommunications services.
23

24 **Q. But Illuminet is a "customer" under the existing Qwest tariff so why is Qwest**
25 **wrong in demanding that it pay charges for such services?**

26 A. Illuminet has obtained B-links and port connection to Qwest's SS7 network through
27 Qwest's Tariff F.C.C. No. 1. That connection uses the same network configuration and
28 facilities for three jurisdictional types of SS7 messaging generated by Illuminet's
29 carrier/customers and similar traffic being generated by Qwest, i.e., SS7 messaging
30 associated with interstate exchange access, intrastate exchange access and local
31

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1 exchange (including EAS services) services. Charges, terms and conditions for each
2 jurisdictional type of traffic are determined pursuant to the rules applicable to that type,
3 i.e., charges for signaling in connection with interstate access service are subject to the
4 interstate access tariff, charges for signaling in connection with intrastate access service
5 are subject to intrastate access tariffs, and service charges (if any) for signaling in
6 connection with local/EAS service and the Qwest originated intraLATA toll are
7 determined in accordance with the local service arrangements between Qwest and
8 Illuminet's carrier/customers. Therefore, Illuminet's rights to ensure that charges
9 associated with such SS7 messages are derivative of the rights of its carrier/customers.
10 Accordingly, while Illuminet is a customer of Qwest since it has ordered the necessary B-
11 links to connect to Qwest's STPs, does not permit Qwest to ignore that its proposed
12 tariff attempts to assess intrastate access charges for traffic for which it has established
13 different treatment under agreements that Qwest has with the Illuminet
14 carrier/customers. Again, Qwest requires that Illuminet disclose the identity of its
15 carrier/customers through LOAs and Illuminet's carrier/customers order voice/data trunk
16 groups that reflect their SS7 service provider. To suggest therefore that Qwest has no
17 customer relationship jointly with the Illuminet carrier/customer and Illuminet defies the
18 facts. Moreover, absent such conclusion, the Commission would be providing its
19 approval to Qwest's effort to improperly assess charges, thereby unjustly enriching
20 Qwest based on its own premature efforts to unbundle using a structure where it is clear
21 that Qwest cannot properly differentiate for that which it should and should not bill.
22

23 **Q. On what basis would Illuminet pass through Qwest's charges under the**
24 **proposed tariff to the Illuminet carrier/customer?**

25 A. Illuminet's arrangements with each of its carrier/customers provides that Illuminet will
26 flow through charges of other SS7 providers such as those SS7 message charges
27 proposed by Qwest. Under these arrangements Illuminet flows through such charges
28 without markup. Specifically, Attachment C, Section D. of the Signaling and
29 TCAP/CLASS Service Agreement (see Exhibit C) states, "All fees contained herein are
30 strictly for transport of ISUP Messages and Responses through the ILLUMINET Network.
31 Any other fees levied by third party providers are the Customer's responsibility.

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1 Customer should make arrangements for payment of such fees directly with the billing
2 party, or if billed to ILLUMINET, such fees will be passed through to Customer." Similar
3 language is contained in the LEC Trunk Signaling Service Agreement and the ISUP
4 Messaging Service Agreement ILLUMINET has executed with its carrier/customers.
5

6 **Q. Have you raised your concerns with Qwest?**

7 A. Yes. Illuminet has had a number of discussions with Qwest on this issue. Moreover, in
8 November of 2000, Illuminet provided to Qwest a position paper (see Exhibit D)
9 outlining the position that Illuminet now requests the Commission adopt here.
10 Unfortunately, no substantive resolution of the issues raised in the position paper or the
11 instant tariff filing have been made.
12

13 **Q. Have you reviewed the prefiled testimony of Scott A. McIntyre filed by Qwest**
14 **in this proceeding on November 30, 2001?**

15 A. Yes.
16

17 **Q. Do you have any comments and/or observations regarding Mr. McIntyre's**
18 **testimony?**

19 A. Yes. Mr. McIntyre's statement that Illuminet has "created a business of charging other
20 carriers for what they obtain at no charge from Qwest" (page 19, lines 13-15) or the
21 inference that Illuminet's business is based on "subsidies or arbitrage pricing" (page 20,
22 line 9) is not only offensive but is entirely without any basis in fact. Contrary to Qwest's
23 unfounded assertions, Illuminet's business, as shown in this testimony, is based on
24 providing real value to the industry, including Qwest, and does not involve any scheme
25 to obtain service for which it or its carrier/customers do not fully compensate Qwest.
26 The service Illuminet provides is a hubbing function that allows carrier/customer access
27 to Qwest network. Illuminet bears all the cost of the signaling links and STP resources.
28 Illuminet is not reselling or repackaging access service. These highly objectionable
29 allegations should not distract the Commission from understanding the true issue in this
30 case: whether Qwest, under the guise of unbundling, should be allowed to recover in a

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1 switched access rate the cost of SS7 signaling associated with services for which
2 switched access charges are not applicable.

3
4 **Q. Do you agree with Mr. McIntyre (page 17, lines 2-17) that Illuminet is**
5 **"receiving the use of Qwest's signaling network at no charge"?**

6 A. Absolutely not. Once again, Mr. McIntyre's testimony may confuse the record in that it
7 does not properly reflect either the relationship that Illuminet has with Qwest or the
8 relationship that the Illuminet carrier/customers have with Qwest. Mr. McIntyre's
9 testimony fails to address the fact that in Arizona, Illuminet pays Qwest directly every
10 month for port charges and indirectly through facility providers for local loop charges so
11 that the Qwest STPs and Illuminet STPs can be connected. Moreover, Mr. McIntyre fails
12 to recognize that Illuminet is acting on behalf of its carrier/customers and when one of
13 those carrier/customers is the end-user's intrastate toll provider, Illuminet expects to be
14 billed SS7 message charges on behalf of the carrier/customer pursuant to the proposed
15 access tariff structure.

16
17 **Q. Does Qwest pay Illuminet for the use of Illuminet's service?**

18 A. No, even though Illuminet incurs costs associated with Qwest originated SS7 messages
19 for the delivery and receipt of SS7 signaling generated by Qwest on behalf of its end-
20 user customer's traffic, Qwest pays nothing to Illuminet. Therefore, placed in proper
21 context, it is Qwest that is attempting through the proposed tariff structure to shift its
22 SS7 costs to the Illuminet carrier/customer because of Qwest's inability to properly
23 measure, identify and bill for only those intrastate SS7 signaling messages properly
24 included under the proposed tariff. Further, instead of paying for termination of local
25 calls into other networks, Qwest's proposed tariff would have other networks pay them.

26
27 **Q. Is Qwest's claim that its tariff revisions are revenue neutral to it a sufficient**
28 **basis for Commission approval?**

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1 A. No. For the reason I have stated, "revenue neutrality" to Qwest (even assuming it
2 exists) is not a sufficient basis for the Commission to conclude that the proposed tariff is
3 consistent with the applicable statute and Commission Rules, nor that it is consistent
4 with Mr. McIntyre's stated objective on page 8 to "allow different network users to use
5 different parts of the network, but only pay for what they use." A real question arises as
6 to the revenue neutrality of this proposed tariff because Illuminet estimates
7 approximately 50% of the increased charges would be levied on Illuminet and its
8 carrier/customers, which, because the Illuminet carrier customers are primarily local
9 service providers, most likely provide much less than fifty percent (50%) of the
10 intrastate toll in Arizona.

11
12 **Q. Does Illuminet object to the principle that recovery of SS7 signaling costs**
13 **should be related to a customer's use of SS7 signaling?**

14 **A.** No. As explained above, Illuminet supports the concept of unbundling charges for SS7
15 signaling. Our problem is that by recovering all SS7 signaling costs through switched
16 access rates, Qwest will be able to charge Illuminet for signaling associated with traffic,
17 which is not itself subject to the switched access tariff and could not, therefore, be
18 charged directly to Illuminet's carrier/customers. If approved, this tariff would thus
19 allow Qwest to circumvent existing methods of cost recovery or sharing for this Non-
20 Chargeable Traffic. For example, some Non-Chargeable Traffic is subject to ICAs that
21 provide either for Reciprocal Compensation or Bill and Keep, and therefore additional
22 charges as proposed by Qwest should not be imposed. Similarly, where Qwest and
23 Illuminet's carrier/customer jointly provide access under a meet point billing
24 arrangement, there is no basis for charging the Illuminet carrier/customer. The
25 Commission should not, therefore, sanction a tariff that would permit Qwest to do
26 indirectly what it cannot do directly.

27
28 **Q. Has Illuminet explained its function as a pass-through entity to Qwest?**

29 **A.** Yes, many times, but Qwest apparently chooses to ignore the fact that Illuminet's
30 carrier/customers have been paying Qwest for the SS7 signaling, which passes through

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1 Qwest's network. Otherwise, and while I strongly disagree with the last half of his
2 statement, Mr. McIntyre could not have made the statement at page 17 in his testimony
3 that, since "third party providers have had no access expenses in the form of switching
4 minute of use charges, they have effectively been receiving the use of Qwest's signaling
5 network at no charge." As I described above, not only are Qwest's costs not increased
6 when a carrier connects through Illuminet, but will often be decreased because of the
7 economies of scale offered by Illuminet. It is thus clearly incorrect for Qwest to claim
8 that it has not been fully compensated through its switched access charges to Illuminet's
9 carrier/customers.

10
11 **Q. Will all customers pay their fair share of the cost of Qwest's SS7 network**
12 **under the proposed tariff?**

13 **A.** No. While switched access customers will at least see some reduction in their local
14 switching and CCL charges, the charges for SS7 signaling in connection with Non-
15 Chargeable Traffic will not be fairly apportioned, because Qwest's proposed tariff
16 apparently assumes incorrectly that all such traffic is switched access. Illuminet's
17 carrier/customers should not have to pay charges for Non-Chargeable Traffic. It is
18 neither fair nor reasonable for Qwest to expect Illuminet to absorb these improper
19 charges. The only fair approach is for Qwest to allocate the appropriate percentage of
20 SS7 messages attributable to Non-Chargeable Traffic to the carriers involved in a
21 manner that reflects the preexisting relationships appropriate for the associated end-
22 user traffic.

23
24 **Q. Do you have any comment on Mr. McIntyre's description of the SS7 network?**

25 **A.** Yes. Based on Mr. McIntyre's testimony such as that found at page 8, lines 4 through
26 13 and page 10 at lines 1 through 10, the Commission may be left with the impression
27 that the SS7 signaling network is separate and apart from the PSTN end user traffic the
28 SS7 network supports. While the SS7 signaling network functions independently of the
29 PSTN, the SS7 network was established to support the PSTN. For the reasons I have
30 provided above, the SS7 messages at issue here are an integral component of the end-

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1 user traffic that is carried over the PSTN. Qwest also recognizes this fact by virtue of
2 the fact the proposed charges were previously a component of the switched access
3 charges assessed to an IXC for telephone toll traffic.

4
5 **Q. Do you agree with Mr. McIntyre's view of the significance of the FCC approval**
6 **of SS7 unbundling?**

7 A. No, Mr. McIntyre apparently wants the Commission to believe that, since no party
8 opposed the FCC tariff filing (page 12, line 12 through page 13, lines 1 through 9), the
9 proposed tariff should be approved without rigorous review. As I indicated before,
10 Illuminet is not opposed to unbundling if it is implemented properly, which is not the
11 case here. Moreover, the implementation of the interstate tariff structure required only
12 the disaggregation of messages between interstate telephone toll traffic and intrastate
13 toll traffic. While that disaggregation was difficult enough to implement, the failure of
14 Qwest to fully implement adequate measurement capabilities in the monitoring
15 technology it uses and provide adequate billing detail to its customer invoices are now
16 more pronounced. Qwest's inability to implement the proposed tariff structure with the
17 proper recognition that intrastate SS7 signaling must be further disaggregated based on
18 the distinct intrastate end user traffic types requires Commission scrutiny.

19
20 **Q. Do you have any additional specific observations regarding Mr. McIntyre's**
21 **testimony?**

22 A. Yes. Again to ensure the record is clear, Illuminet does not "set up calls for its
23 customers" as indicated by Mr. McIntyre on page 19, lines 2-3 of his testimony. The
24 signaling that is the subject of the proposed charges is being generated by the Illuminet
25 carrier/customer. Moreover, it is unclear exactly what Mr. McIntyre is attempting to
26 suggest in his testimony on page 19, lines 11-15 regarding what he purports to be
27 "fair." As indicated above, Illuminet does not obtain connection to Qwest's STPs "at no
28 charge" (page 19, line 15) nor would the Illuminet carrier/customer (which is recovering
29 the reduction in its switched access charges) be failing to pay the SS7 signaling message
30 charges under the proposed tariff when that carrier/customer is the end user's intrastate

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1 toll provider. It is self-evident that these Mr. McIntyre statements and inferences
2 including those suggesting that an Illuminet carrier/customer is paying twice for SS7
3 services (page 19, lines 17-22 to page 20, line 1) are simply an attempt to divert
4 attention from the fact that Qwest prematurely proposed a tariff structure that it cannot
5 properly implement or justify. Any "urgency" that Qwest suggests exists (page 20, line
6 21-22 to page 21, lines 1-11) misfocuses the proper inquiry in this proceeding.
7 Accordingly, it is imperative that the Commission not approve a tariff structure that
8 improperly shifts cost recovery from Qwest to Illuminet and its carrier/customers.

9
10 **Q. Does this end your testimony?**

11 A. Yes.